



HOUSE OF REPRESENTATIVES

SB 1501

Arizona commerce authority; continuation; report

Prime Sponsor: Senator Yee, LD 20

DP Committee on Commerce

X Caucus and COW

House Engrossed

OVERVIEW

SB 1501 continues the Arizona Commerce Authority (ACA) and implements the recommendations of the Office of the Auditor General resulting from the Performance Audit and Sunset Review process.

PROVISIONS

1. Continues the ACA for two years, until July 1, 2018.
2. Requires the ACA to annually report all of the following information on its website:
 - a. The progress made toward its goals for job creation, capital investment and higher average wages.
 - b. Information regarding each approved application, including the amount of the incentive either approved or awarded and the projected or awarded activity to qualify for the incentive.
3. Directs the ACA to develop and implement written procedures for grants from the Arizona Competes Fund that manage the following:
 - a. Document grantee selection.
 - b. The verification of information that is submitted by the grantees.
 - c. The evaluation of requests to amend grant terms and document decisions relating to the requests.
4. Makes technical and conforming changes.

CURRENT LAW

The [ACA](#) is the state's economic development organization, with a mission to grow and strengthen the economy. The ACA uses various monetary incentives to attract, expand and retain businesses. The ACA is exempt from rulemaking, the state procurement process, the personnel system, and general accounting practices. A board of directors consisting of public and private sector business, professional and elected policy leaders provides direction to the ACA. The Governor serves as chairman, and the board includes the ACA Chief Executive Officer and 17 private sector members. There are also 12 ex officio, non-voting members and 8 agency directors/commissioners serving as advisory members.

The financial entity through which the ACA administers grants is the [Arizona Competes Fund](#) (ACF). [A.R.S. § 41-1545.02](#) permits the ACF to award grants to attract, expand or retain businesses in Arizona. Preference must be given to job training and infrastructure activities that create private sector jobs. Furthermore, the statutes authorize projects that support and advance rural and small businesses and economic development. Applicants must be in good standing on

all necessary licenses and taxes, qualify as an Arizona basic industry, pay compensation that exceeds the median county wage and pay at least 65% of the employees' premium for health insurance. Additionally, applicants prove through third party verification that estimated income, property and TPT plus government fee revenues will exceed the state incentives. Before awarding grants, the ACA details the benefits, including the direct economic impact of the grants. [A.R.S. § 41-1545.04](#) requires an annual report outlining the ACF's activities, including a summary of the direct jobs and economic impact of the awards.

ADDITIONAL INFORMATION

The ACA's mission is to grow and strengthen the state's economy and to attract, expand and retain businesses, with a focus on aerospace and defense, semiconductors and renewable energy. The ACA's five-year plan, through 2017 is:

- 1) to create 75,000 higher-wage jobs;
- 2) to increase the average wages of jobs created; and
- 3) to increase capital investment by \$6 billion.

The [Committee of Reference](#) consisting of the Senate Commerce and Workforce Development and the House of Representatives Commerce Committee recommended that the Legislature continue the ACA for two years, and the ACA implement reforms that increase transparency, place an emphasis on identifying and eliminating regulatory burdens and provide annual data on job creation and revenue growth to the state.